

May 08, 2026

## Midland Microfin Limited: Rating confirmed as final for PTCs backed by microfinance loan receivables issued by River Rock 11 2025

### Summary of rating action

| Trust name         | Instrument*    | Current rated amount<br>(Rs. crore) | Rating action                                      |
|--------------------|----------------|-------------------------------------|--|
| River Rock 11 2025 | Series A1 PTCs | 17.80                               | [ICRA]A(SO); provisional rating confirmed as final |

\*Instrument details are provided in Annexure II

### Rationale

In November 2025, ICRA had assigned a provisional rating to the Pass-Through Certificates (PTCs) issued by River Rock 11 2025 under a securitisation transaction originated by Midland Microfin Limited (MML/Originator). The PTCs are backed by a pool of microfinance loan receivables originated by MML with an aggregate principal outstanding of Rs. 20.23 crore (pool receivables of Rs. 24.35 crore). MML also acts as the servicer for the transaction.

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said rating has now been confirmed as final.

### Pool performance summary:

| Parameter                                     | River Rock 11 2025 |
|---|--------------------|
| Payout Month                                  | April 2026         |
| Months post securitisation                    | 5                  |
| Pool amortisation                             | 32.0%              |
| Series A1 PTC amortisation                    | 36.4%              |
| Cumulative collection efficiency <sup>1</sup> | 97.7%              |
| Monthly collection efficiency                 | 95.6%              |
| Cumulative Prepayment rate                    | 0.3%               |
| Loss-cum-0+ dpd <sup>2</sup>                  | 3.4%               |
| Loss-cum-30+ dpd <sup>3</sup>                 | 2.5%               |
| Loss-cum-90+ dpd <sup>4</sup>                 | 1.6%               |
| Cumulative cash collateral utilisation (CC)   | 0.0%               |

### Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis, unless any of the below mentioned trigger events occur. Any prepayment in the pool would be used for the redemption of the Series A1 PTCs principal.

<sup>1</sup> Cumulative collections (incl. advances)/ (Cumulative billings + Opening overdue at the time of securitisation)

<sup>2</sup> Principal outstanding on contracts aged 0+ dpd / Principal outstanding on the pool at the time of securitisation

<sup>3</sup> Principal outstanding on contracts aged 30+ dpd / Principal outstanding on the pool at the time of securitisation

<sup>4</sup> Principal outstanding on contracts aged 90+ dpd / Principal outstanding on the pool at the time of securitisation

If the PAR 30 of the pool exceeds 9% of the initial principal outstanding and/ or the current collection efficiency falls below 91% for two consecutive months, then the EIS shall be utilized towards repayment of principal payout to Series A1 investors. If the events are reversed, then the EIS will again flow back to the originator.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 6.00% of the initial pool principal, amounting to Rs. 1.22 crore, provided by the Originator, (ii) principal subordination/over-collateralisation (OC) of 12.00% of the initial pool principal for Series A1 PTCs, and (iii) the EIS of 14.21% of the initial pool principal for Series A1 PTCs.

## Key rating drivers and their description

### Credit strengths

**Granular pool supported by presence of credit enhancement** – The pool is granular, consisting of 5,185 contracts, with top 10 obligors forming less than 0.30% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, overcollateral and EIS would absorb some amount of the losses in the pool and provide support in meeting the PTC payouts.

**Seasoned contracts in the pool** – The pool has amortised by almost ~25% as on the cut-off date with no delinquencies observed in any of the contracts, post loan disbursement, thereby reflecting the borrowers' relatively better credit profile.

**No overdue contracts in the pool** – The pool has been filtered in such a manner that there are no overdue contracts as on the cut-off date. Further, none of the contracts in the pool have ever been delinquent, which is a credit positive.

**Adequate servicing capability of Midland** – The originator has adequate processes for servicing of the loan accounts in the securitised pool. It has demonstrated a considerable track record of over a decade of regular collections across geographies and multiple economic cycles

### Credit challenges

**High geographical concentration** - The pool has high geographical concentration with the top 3 states, viz. Odisha, Bihar and Uttar Pradesh contributing ~53% to the initial pool principal amount. The concentration remains high even at district-level with top 5 districts accounting for ~20% of the initial pool principal amount. The pool's performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

**Increasing delinquencies in microfinance sector** – The microfinance sector has seen a decline in collections and consequently rise in delinquencies in the previous fiscal on account of multiple factors like heat wave, general elections, borrower overleveraging and attrition in the collection teams. Any sustained impact of these factors on the collections from the pool would be a key monitorable.

**Risks associated with lending business** – The pool's performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans. The performance of microfinance loans would also be exposed to political and communal risks.

### Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 5.00% of the pool principal with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 3% to 9% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final rating for the instrument.

## Details of key counterparties

The key counterparties in the rated transaction are as mentioned below:

| Transaction Name                   | River Rock 11 2025         |
|------------------------------------|----------------------------|
| Originator                         | Midland Microfin Limited   |
| Servicer                           | Midland Microfin Limited   |
| Trustee                            | Beacon Trusteeship Limited |
| CC holding bank                    | DCB Bank                   |
| Collection and payout account Bank | ICICI Bank                 |

## Liquidity position: Strong

The liquidity for Series A1 PTCs is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~5.75 times the estimated loss in the pool.

## Rating sensitivities

**Positive factors** – The sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a rating upgrade.

**Negative factors** – The sustained weak collection performance of the underlying pool of contracts (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer could also exert pressure on the rating.

## Analytical approach

The rating action is based on the trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

| Analytical Approach             | Comments   |
|---------------------------------|--|
| Applicable rating methodologies | <a href="#">Rating Methodology for Securitisation Transactions</a> |
| Parent/Group support            | Not Applicable   |
| Consolidation/Standalone        | Not Applicable   |

## About the originator

Midland Microfin Limited is a registered NBFC-MFI which started microfinance operations in January 2011. Originally, Midland was engaged in hire purchase business and had been incorporated in 1988 under the name 'Sajan Hire Purchase Pvt Ltd'. Sajan Hire Purchase was acquired by Mr. Amardeep Singh Samra's Midland Group in 2010 since Mr. Samra wanted to venture into microfinance. The company got registered with the Reserve Bank of India (RBI) as a non-banking finance company – microfinance institution (NBFC-MFI) in January 2015. As on December 31, 2025, the company is in 16 states and 2 union territories (UT) of India with 612 branches across 269 districts, with assets under management (AUM) of Rs. 2,596.91 crore.

### Key financial indicators

| Particulars                       | FY2024 | FY2025 | FY2026* |
|-----------------------------------|--------|--------|---------|
| Total Income                      | 532.76 | 636.45 | 647.49  |
| Profit after tax                  | 46.83  | 26.67  | 33.19   |
| Assets under management (In Rs Cr | 2621.6 | 2748.8 | 2821.0  |
| Gross NPA                         | 2.97%  | 1.47%  | 1.99%   |
| CRAR                              | 28.34% | 31.41% | 29.39%  |

Source: Company, ICRA Research; Amount in Rs. crore; \*Provisional

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

| Trust Name         | Instrument     | Current Rating (FY2027)          |                                  | Date & rating in FY2027     | Chronology of Rating History for the Past 3 Years |                         |                         |
|--------------------|----------------|----------------------------------|----------------------------------|-----------------------------|---|-------------------------|-------------------------|
|                    |                | Initial rated amount (Rs. crore) | Current rated amount (Rs. crore) |                             | Date & rating in FY2026                           | Date & rating in FY2025 | Date & rating in FY2024 |
| River Rock 11 2025 | Series A1 PTCs | 17.80                            | 17.80                            | May 08, 2026<br>[ICRA]A(SO) | November 25, 2025<br>Provisional<br>[ICRA]A(SO)   | -                       | -                       |

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

| Sr. No. | Instrument   | FSR  |
|---------|--|--|
| 1       | Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)                     | SEBI   |
| 2       | Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)                 | MCA  |
| 3       | Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)                     | SEBI   |
| 4       | Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)                 | SEBI   |
| 5       | Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)                   | RBI  |
| 6       | Listed Commercial Paper and NCDs with original maturity less than 1 year                             | RBI  |
| 7       | Unlisted Commercial Paper and NCDs with original maturity less than 1 year                           | RBI  |
| 8       | Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)                               | RBI  |
| 9       | External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings | RBI  |
| 10      | Certificates of Deposit  | RBI  |
| 11      | Fixed Deposits raised by NBFCs, Banks, HFCs, FIs   | RBI  |
| 12      | Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs                               | MCA  |
| 13      | Inter Corporate Deposits/Loans extended by Corporates  | MCA  |
| 14      | Listed Security Receipts   | SEBI   |
| 15      | Unlisted Security Receipts   | RBI  |
| 16      | Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)               | Investor-side<br>Regulator such as<br>IRDAI, PFRDA (%) |

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%)These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

| Sr. No. | Activity Name  | FSR  |
|---------|--|------|
| 1       | Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)  | SEBI |
| 2       | Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs  | SEBI |
| 3       | Independent Credit Evaluation (ICE)  | RBI  |
| 4       | Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)   | RBI  |
| 5       | Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))                             | SEBI |
| 6       | Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))                          | MCA  |
| 7       | Credit Rating of Borrowing programme   | (@)  |
| 8       | Issuer Ratings   | (#)  |
| 9       | Monitoring Agency  | SEBI |
| 10      | Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs) | NA   |

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

### Complexity level of the rated instrument

| Instrument     | Complexity Indicator |
|----------------|----------------------|
| Series A1 PTCs | Highly Complex       |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure II: Instrument details**

| Trust Name                | Instrument     | Date of issuance /<br>Sanction | Coupon<br>rate<br>(p.a.p.m.) | Maturity Date | Current rated<br>amount<br>(Rs. crore) | Current rating |
|---------------------------|----------------|--------------------------------|------------------------------|---------------|--|----------------|
| <b>River Rock 11 2025</b> | Series A1 PTCs | November 18, 2025              | 10.80%                       | June 15, 2027 | 17.80                                  | [ICRA]A(SO)    |

Source: Company

**Annexure III: List of entities considered for consolidated analysis**

Not applicable

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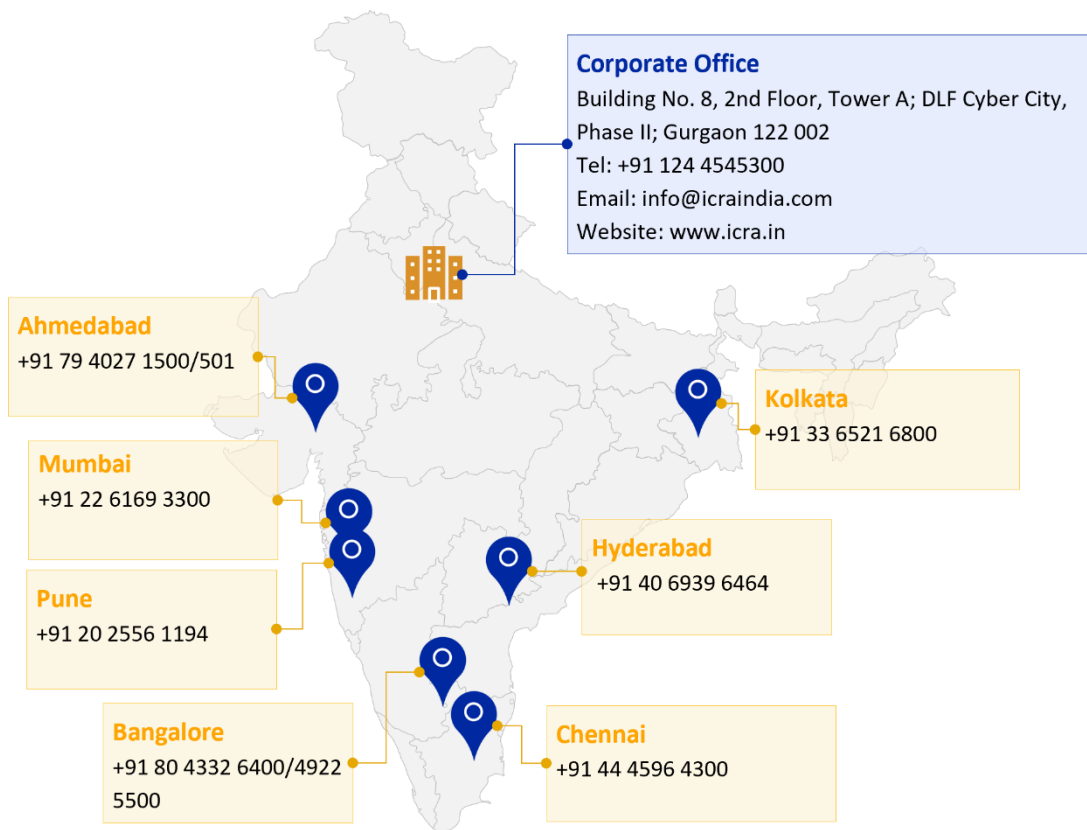
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